Approved for Release: 2018/10/02 C03006883 3.5(c)

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The National Intelligence Daily

NR

Published by the Director of Central Intelligence for Named Principals Only

3.5(c)

Copy No. 261

TUESDAY NOVEMBER 23, 1976 VOLUME 3, NUMBER 274

Approved for Release: 2018/10/02 C03006883

Approved for Release: 2018/10/02 C03006883

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Argentina

Pay Increases

The Argentine government is preparing to announce wage increases in an effort to reduce labor restiveness, which has become serious in recent months.

Economy Minister Martinez de Hoz earlier this month said the ruling military junta would allow "selected" pay increases by the end of the year. A general wage hike of some 12 percent last September has already been wiped out by cost-of-living increases totaling nearly 20 percent in September and October.

President Videla late last week reportedly approved a proposal that would allow raises for "practically all" private-sector unions. The increases are to be retroactive to November 1.

In recent months, labor dissatisfaction has resulted in several serious challenges to the junta's ban on all strike activity. Electric power workers recently staged a series of strikes and slowdowns; port workers have engaged in a slowdown in recent weeks; and thousands of auto workers walked off their jobs some months ago.

Although the new pay boost will provide short-term help for the junta's problems with labor, it will hurt in another respect. The granting of a wage increase will be seen as a concession and eventually will invite challenges from labor and others who see the junta's position as weakening.

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